

9 July 2013**Agenda Item:****REPORT OF THE CORPORATE DIRECTOR, POLICY, PLANNING AND
CORPORATE SERVICES****APPRENTICESHIPS UPDATE****Purpose of the Report**

1. To give an overview of apprenticeship policy and delivery framework nationally
2. To update the Committee on the take up and performance of apprenticeships across Nottinghamshire.

Information and Advice

3. Committee received a report from the Service Director, HR at its meeting on the 16th October 2012 providing an overview of the County Council's activities to enable young people to access a variety of work related learning opportunities within the authority. Committee also received a presentation in 2013, regarding the Youth Employment Strategy. The strategy is being co-ordinated by Nottingham and Nottinghamshire Futures along with key partners including the County Council to focus employment priorities for young people county wide to
 - a. Create better opportunities
 - b. Better prepare young people for work and
 - c. Improve transition pathways into work
4. Members will also be aware from the State of the Economy presentation to the June 2013 Committee meeting that youth unemployment has been increasing since 2004. Statistical evidence shows that even during the 'boom' years of the late 1990s and early 2000s, youth unemployment remained high, more than double for that of the rest of the labour market.
5. There is evidence that youth unemployment has far-reaching effects. A wage scar, i.e. reduced future earnings, of between 12 and 15% following youth unemployment can persist for up to 20 years. This is particularly marked for young men. Even a three month period of unemployment during youth could lead to further periods of unemployment for up to 10 years following the initial period out of work.

The National Context:

6. In recent years apprenticeships have developed as a key policy and delivery tool used by successive governments to tackle youth unemployment. The National Apprenticeship Service (NAS) is the key funder and coordinator of apprenticeships in the UK.
7. The NAS Business Plan 2012/13 sets out what will effectively be the key drivers of activity to improve apprenticeship take up and quality over the next few years. In this way, NAS will seek to work collaboratively to:
 - Increase the number of new employers employing apprenticeships
 - Increase the number of young people commencing an apprenticeship
 - Improving the quality of apprenticeships
 - Deliver more advanced and higher level apprenticeships and
 - Broaden access to apprenticeships
8. This noted, apprenticeships have been the subject of various recent reviews. The most recent Richard Review recommended:
 - Transferring apprenticeship ownership as far as possible to employers
 - Clarifying and strengthening the “apprenticeship” brand
 - Sharpening the testing and validation procedures and
 - Focusing apprenticeships on outcomes i.e. jobs
9. National Apprenticeship Week (March 2013) gave a further indication of the Government’s direction of travel with key messages including:
 - Apprenticeships are “worth it” both at the national level (their positive combined effect on the economy) and for the individual (in terms of employment prospects and career progression). The Centre for Economics and Business Research advises that **“the average person completing an apprenticeship, increases business productivity by £214/week”**. This increase can in turn theoretically be passed onto colleagues within the business in the form of higher wages thus increasing disposable income within the local economy
 - The government wishes to see apprenticeships becoming the standard route to employment for all school leavers not entering Higher Education
 - Two Apprenticeship Ambassadors were announced (for business and parliament) in order to embed benefits, understanding and take-up via the education/policy side and within the business sector and
 - Apprenticeship opportunities should be incorporated into public procurement contracts

Apprenticeship Funding:

10. In 2012/13 the Government committed to invest £1.5bn in apprenticeships. This funding focused on delivering 700,000 apprenticeship training provisions 500,000 new starts. Whilst this funding will cover administration, marketing and promotion, the bulk of the funding will support the learning component of the apprenticeships. 100% of training costs are payable for 16-18 year olds and 50% for 19-23 year olds. In terms of the apprentices themselves, a national minimum of £2.65 per hour is payable. The average apprentice weekly wage is currently £170
11. To qualify as an apprenticeship, the apprentice must have an employer and be paid. This may not necessarily be the firm in which the apprentice is placed – it may be an Apprenticeship Training Agency (ATA). There must be a Contract of Employment – under which the apprentice will work a minimum of 30 hours per week (there are limited exceptions) and the apprenticeship period can vary between 1 and 5+ years. The apprentice will be afforded legal rights under the contract.
12. It should be noted that there is no obligation on the employer to employ the apprentice after the programme is completed. This is a key issue. The Richard Report seeks to marry the apprenticeship to real and sustainable jobs but there is also a need to increase apprentice numbers and overcome barriers to participation – therefore flexibility to on-going employment is advisable to enable the employer to respond to the calibre and performance of the apprentice/programme, as well as the overall performance of the business

Models of Apprenticeship Delivery:

13. The traditional delivery model is direct employment of apprentices via :
- a. Localised Approach – apprenticeships organised and delivered by training providers and/or colleges. Usually developed in response to local needs with recruitment focused on the local area
 - b. Corporate Approach – the employer very closely monitors and informs the training to promote relevance, consistency and complementarity. The employer or training provider can hold the funding contract and this is usually supported by an SLA
 - c. In house Delivery – the employer delivers everything (as an approved provider). This allows apprenticeships to be integrated with wider internal training activity. The Funding Contract is held by the employer – often necessitating them to buy in the literacy and numeracy requirements. This approach is often directly linked to positive career progression.
 - d. Employer Academy – sector specific and usually in response to the need to access training on specialist machinery or processes – most commonly in the engineering sector.

14. In Nottinghamshire the Futures Apprentice Agency is one of several employment brokerage services in operation which link employers, young people and training providers. Under this model, Futures engage with employers looking for or considering apprenticeships and:

- Assesses the needs of the employer
- Advertises the apprenticeship position(s) and shortlists suitable candidates
- The employer interviews and selects the apprentice (s)
- Futures then contracts the apprenticeship and takes over all HR and payroll (the apprentice is employed by Futures)
- Futures invoices the employer the costs of remunerating the apprentice plus a small admin fee
- Futures appoints an appropriate training provider.

15. The employer does not receive funding to support the learning element of the apprenticeship; this activity is commissioned and handled by Futures through approved learning providers. The ATA “Model” is specifically designed to increase employer engagement in delivering apprenticeships – with a clear focus on growing the participation of smaller employers.

16. All in all, the model available locally through Futures (and other providers) seeks to absorb the administrative burden of the apprenticeship – thereby overcoming a key barrier to employer participation. The employer pays a fee for this service.

Levels of Apprenticeship:

17. Apprenticeships are designed to help people reach a high level of competency and performance and thereby to maximise their contribution to the employer. There are three levels of Apprenticeship: intermediate, advanced and higher. Each level will involve training to NVQ levels 1-5 (as appropriate), each will receive functional skills and most will incorporate a technical certificate and exam based qualification.

18. The Higher level apprenticeship targets a broader vocational qualification usually to foundation degree level. This is a growing area and a key focus of NAS - but there is little comparative data given this format only commenced 2012 and is only open to those 18 years plus.

19. Training provision must be via a registered provider. There are currently 1,100 providers in England. Training is usually 1 day a week and typically this is conducted off-site.

Financial Support for Employers

20. NAS offers an Apprenticeship Grant for Employers, the AGE 16 to 24 grant. This is targeted at SMEs to recruit individuals aged 16 to 24 into employment through the Apprenticeship programme. Eligible employers receive a grant of £1,500 per apprentice to a maximum of ten grants during the lifetime of the initiative.
21. District partners also have youth employment through apprenticeships as a priority and are investigating their own models of additional support. For example, Gedling Borough have approved £20,000 for an Apprenticeship Grant for Employers scheme. This is a top-up grant for employers (below 250 employees) taking on a Gedling apprentice.

Traineeships:

22. A key barrier for employers to take on apprenticeships or indeed young people per se, is that they often find that candidates are either not work ready or unable to communicate their skills/experience in relation to the job opportunity. A “traineeship” is a new initiative scheduled to launch in August 2013. This provision is designed to meet the gap between school and commencing apprenticeships, enabling in the first instance, 16-19 year olds to become more work ready.
23. To qualify for participation 16-19 year olds not currently in a job and with limited work experience will be charged with developing the skills judged necessary for employment and apprenticeships (including the transition to and from the Technical Baccalaureate- TechBacc).
24. Although flexible, it is anticipated that those on the programme would be “work ready” within 6 months. Whilst traineeships will initially be focused on 16-19 year oldsⁱ, there is a longer term ambition to extend this up to 24 years depending on its success. Traineeships will be delivered by existing training providers and the Government is keen to see strong partnerships developed with employers. They will be funded by additional monies from the Department for Education. There will be three key elements of provision:
- A focused period of work preparation training e.g. CV Writing, inter- personal skills and self-discipline development
 - A high quality work placement to provide meaningful experience and to help develop workplace skills where the participant is given the opportunity “to prove themselves to an employer” and
 - Further teaching of English and Maths to those that haven’t achieved GCSE Grade C or equivalent

County Participation Levels:

25. There is evidence that participation in Apprenticeships for the 16-18 year range has declined. This is both a national and regional trend and in comparison Nottinghamshire is performing above average in terms of 16 – 18 participation. However, there remain gaps in provision and take up.

26. This is particularly apparent in construction. The National Construction College has capacity for 30,000 apprentices pa – however just 19,000 are currently being trained. This is in the context that the Construction Skills Network has identified a requirement of 43,000 new workers every year to 2015. A similar picture can be drawn for the engineering industry. Nottinghamshire County Council is supporting a *You're Hired* event in August which will showcase a vacancy with Derry Building Services Ltd, a mechanical and electrical design and build firm based in Newark. This event has a dual purpose of showcasing the high calibre of young people seeking an apprenticeship whilst raising the profile of engineering and construction with local school leavers.

27. Latest figures show that:

- for 16 year olds, apprenticeship starts are down at County, region and national levels on the preceding year (-5.5, -13.2 and -17.8% respectively)
- for 17 year olds the position is reversed with the county seeing a reduction of starts in this age range by -19.9% on the previous year (this compares to, -17.4% regionally and -17.9% nationally).

28. Therefore for 16 year olds Nottinghamshire is faring well in the level of decline as compared to regional and national figures although the opposite is true of the 17 year old cohort.

- For 18 year olds, participation at the County level has increased by 5.7% on the previous year compared to a decline of 3.6% nationally.
- Combining this age range 16-18 years, the fall off in starts is -6% in Nottinghamshire compared to -7% in the East Midlands and -12% nationally
- In the 19-24 year age range, starts are up 8.2% compared to 6.4% nationally and 11.7% regionally.
- Success rates 19-24 years are at 77%. This is above the regional and national averages (75.3% and 75.9% respectively)

29. Nottinghamshire has been particularly successful in the growth of new starts in the over 25 years +1.7% on the previous year compared to -0.2% regionally and -7% nationally. Across all ages Nottinghamshire growth in starts exceeds the region and the national performance at 1.4% growth on the previous year -against 1.2% regionally and a negative variance of -4.5% nationally. Furthermore, success rates across all age ranges achieve the national level of 73.8% but exceed the regions performance at 73.1%.

30. On the whole Nottinghamshire is currently performing better in the provision and take up of apprenticeships – exceeding national and regional performance in most instances. There is of course further room for improvement through targeted measures and in association with current initiatives at the district level.

County Council's Apprenticeship Scheme:

31. The County Council's Apprenticeship scheme, using Futures Apprentice Agency, was established in 2011 with the aim of providing 25 placements for young people between the ages of 16 and 18. It was extended in 2012 and provided a further 50 apprenticeship opportunities to those between the ages of 16 – 24. Full Council approved an annual budget of £300,000 to support the internal apprenticeship scheme in February 2013. It is intended to carry on with a similar sized scheme for this financial year; offering a further 50 places. Placements are for one year and are therefore primarily intermediate level apprenticeships. This year 43 of our current apprentices are completing an intermediate level apprenticeship and 7 are completing advanced level qualifications.
32. The apprentices are placed in a wide variety of service areas such as libraries, youth work, catering, highways, business administration, customer service etc. which demonstrates the extensive range of the County Council's work. These placements are based across the county and have been filled by young people, largely aged 16-19, from across all districts in Nottinghamshire. The data below, shows the resident districts for apprentices currently on apprenticeships.

District	Number of apprentices
Bassetlaw	4
Newark & Sherwood	8
Mansfield	4
Ashfield	9
Gedling	6
Broxtowe	4
Rushcliffe	8
Nottm City	5
Derbyshire	2

33. The County Council scheme runs largely on the academic year and most of the current apprentices are still working in their placements. Of the 10 that have completed the scheme so far, 3 have been successful in obtaining temporary roles at the County Council, 3 have permanent positions with the Council, 2 are in employment with other organisations and 2 have gone on to higher education.
34. The Council has offered the apprentices due to complete their apprenticeships the opportunity to attend a Steps 4 Success course. This is a motivational course currently offered to Work Club members and it will be tailored to meet the need of the apprentices leaving the authority and seeking work elsewhere. This will be funded through the Work Club budget as a one-off activity. If this course is successful in supporting the apprentices to secure employment elsewhere this may be something the authority may wish to build in to its apprenticeship programme for 2014/15.

Summary of Current Issues:

35. There has been a drop in the number of 16/17 year olds taking up apprenticeships. This trend is reflected nationally. This is exacerbated across all age groups by:

- a. A mismatch of demand and supply (geographically and by sector)
- b. Apprenticeships have a poor image with some young people reflected in lower than targeted take up
- c. Apprenticeship participation 16-17 years can affect family benefits in lower income groups
- d. Employers can find that such age groups (to 19 years) are not “employment ready” and
- e. Application processes (via NAS’ on-line system) can be difficult to navigate. Work in schools to address this and raise the skill levels of young people to apply on line has started to be delivered in county schools.

Work is underway nationally to assist young people into apprenticeships, to increase employer participation and to increase employability through the roll out of traineeships.

- 36. Of those completing apprenticeships, over 73% end up with qualification which leaves them better placed in the job market. Nottinghamshire’s success exceeds the regional and national averages

Reason for Recommendation

- 37. To update the Committee on the national apprenticeship framework, together with county provision and take up rates.

Statutory and Policy Implications

- 38. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

- 39. None.

RECOMMENDATION/S

- 40. That Committee note the current position with regard to apprenticeships and consider any further actions it would wish to commission.

**Report of the Corporate Director, Policy, Planning and Corporate Services –
Jayne Francis Ward**

For any enquiries about this report please contact: Trish Adams extn 72042

Constitutional Comments (SLB 26/06/2013)

This report is for noting only. The Committee has responsibility for promoting economic development, regeneration and associated activities and is the appropriate body to consider the content of the report.

Financial Comments (SEM 28/06/2013)

There are no specific financial implications arising directly from this report.

Background Papers and Published Documents

Electoral Division(s) and Member(s) Affected

All

ⁱ And young people with Learning Difficulty Assessments up to 25 years.